

No. 89-861

Supreme Court, U.S.
FILED
JAN 22 1990
JOSEPH F. SPANIOL, JR.
CLERK

IN THE
Supreme Court of the United States
OCTOBER TERM, 1989

TAMAO MORITA AND MAGLEADER Co., LTD.,
Petitioners,

v.

APPLICATION ART LABORATORIES Co., LTD.,
Respondent.

**BRIEF IN REPLY TO OPPOSITION TO PETITION FOR
A WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE FEDERAL CIRCUIT**

JOSEPH VINCENT COLAIANNI
PENNIE & EDMONDS
Suite 1000
1730 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
(202) 393-0177
Counsel of Record

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No. 89-681

TAMAO MORITA AND MAGLEADER CO., LTD.,
Petitioners,

v.

APPLICATION ART LABORATORIES CO., LTD.,
Respondent.

**RESPONSE TO RESPONDENT'S COUNTERSTATEMENT
STATEMENT OF THE CASE**

Petitioners, Tamao Morita and Magleader Co., Ltd., make the following response to the counterstatement of the case submitted in respondent's opposition to the petition. Respondent has alleged there to be "gross errors" in petitioners' statement of the case. This allegation is incorrect. In its counterstatement as to the factual background upon which the petition should be reviewed, respondent itself is the party making erroneous statements. Petitioner obviously cannot address all respondent's errors. Only those statements pertinent to the petition are discussed below.

1. Respondent contends that petitioners should have been aware that the district court might issue an injunction at the October 7, 1988 hearing because the parties had agreed to the entry of an injunction in the alleged settlement agreement improperly and mis-

takenly entered by the court on August 22, 1988. In September 1988, petitioners moved to vacate the settlement order. At the October 7, 1988 hearing, the district court did, in fact, vacate this order. Respondent's Appendix (R. App.) at A-3, A-7. The first notice to petitioners that an injunction would be under consideration at that hearing was at an in-chambers conference held immediately prior to the October 7, 1988 hearing. At that in-chambers conference, the district court informed counsel that it *would request* respondent to make a motion for a preliminary injunction. R. App. A-3 to A-5. At no time prior to the October 7, 1988 hearing, did the district court or respondent provide notice that any motion other than the pending motion to vacate settlement order would be considered at the October 7, 1988 hearing. Therefore, contrary to respondent's assertion, the October 7, 1988 injunctive order was entered *without notice or hearing*. It was also entered without argument. R. App. A-5. Contrary to respondent's implication, the preliminary injunction was *specifically entered subject to petitioners' right to bring a motion to dissolve*. R. App. A-5. In such circumstance, the only reasonable inference which petitioners could draw was that the issues raised by the preliminary injunction were open to full reconsideration in the trial court.

2 .Respondent specifically misquotes the district court regarding its findings on the issue of whether fraudulent documents were submitted to the Patent and Trademark Office (PTO). In October 1988, petitioners filed two motions in the district court relevant here (1) a motion to dissolve the preliminary injunction and (2) a motion to modify the pretrial

order. In support of its motion to modify the pretrial order, petitioners submitted the declarations of petitioner Morita and a recognized handwriting expert, Lyndal L. Shaneyfelt.¹ The Morita declaration recited petitioner Morita's knowledge respecting to the alleged assignment to respondent of United States Patent No. 4,021,891 ('891) and United States Design Patent No. 247,468 ('468). In his declaration, petitioner Morita explained why he *believed* that he *did not* sign an assignment of those patents to respondent. As to the assignment of the '891 patent, respondent correctly states that the handwriting expert Shaneyfelt was unable to determine whether petitioner Morita's signature on that document as it appeared in the PTO's *microfiche* record was genuine. The reason for this was a lack of representative samples of petitioner Morita's genuine signature as he made it in that time frame. Respondent makes much of the fact that petitioner Morita did not possess such representative samples. Petitioner Morita is a Japanese citizen. He does not normally make a manual signature in Roman script. Rather, he uses his Japanese seal in accordance with the practice in that country. A manual signature of the type on the assignment document is only used by petitioner Morita in the context of dealing with the United States and other western countries. It is not surprising that petitioner Morita does not have such samples for a time period over fifteen years ago.

3. The handwriting expert Shaneyfelt determined that the signature on the '468 patent assignment was a *trace forgery*. He also determined that the signa-

¹ The Shaneyfelt declaration is set forth in an Appendix to this reply.

tures on two critical declarations submitted to the PTO to obtain the '891 and '468 patents were *trace forgeries*. In his declaration, Shaneyfelt explained the basis for this determination. The findings of this recognized handwriting expert have never been rebutted in this case.

Contrary to respondent's assertion, the district court did not find the expert's determination in this respect dubious. The reference quoted at page 11 of the Opposition is the district court's reference, albeit improper, to the petitioners' assertion of ownership of the '891 patent. The district court's comment was directed to its overall and incorrect view as to petitioner's ownership assertion and not to the sufficiency of petitioner Morita's declaration and his credibility. In fact, the district court went on to say that petitioner Morita's testimony was believable because one would not necessarily remember "to the point of being able to avert categorically that he did or did not sign a particular document when it was that far in the past". Transcript of Motions and Status Call, January 11, 1989 before the Honorable Thomas P. Jackson, U.S.D.J. at 4.

On the basis of petitioner Morita's and Shaneyfelt's declarations, the district court vacated its prior pre-trial order and allowed the fraud on the PTO and assignment issues to be heard at trial. Respondent improperly infers that the fraud issue relates to the assignment of the '891 patent when this is, in fact, not the case. The fraud issue relates to the fact that respondent submitted forged documents to the PTO to obtain the patents at issue. This is fraudulent conduct rendering those patents invalid. *Precision Instrument Mfg. Co. v. Automatic Maintenance Mach.*

Co., 324 U.S. 806, *reh. denied*, 325 U.S. 893 (1945). The evidence of forgery respecting these critical submission to the PTO has never been rebutted. Respondent seeks to obscure this fact and divert the court's attention from this important point by a gross mischaracterization of the record.

ARGUMENT

1. The Federal Circuit has created a precedent which is in direct conflict with that of other circuits. Its erroneous view is so contrary to existing law that the exercise of this court's supervisory authority is required

Respondent contends that the Federal Circuit has followed the established precedent of other circuits regarding the scope of review of preliminary injunctions and that there is no reason warranting this court's review of the Federal Circuit's non-citable decision.

Contrary to respondent's position, the Federal Circuit has rendered a decision in substantial conflict with other federal circuits. Although not citable, the decision below establishes the Federal Circuit's view on this issue. This view, if adhered to as one must assume it will be, creates a substantial conflict with the decisions of the Third and Seventh circuits on the issue of the scope of review of a preliminary injunction. See, *Kimberly-Clark Corp. v. Fort Howard Paper Co.*, 772 F.2d 860 (Fed. Cir. 1985); *Mother's Restaurant, Inc. v. Mama's Pizza, Inc.*, 723 F.2d 1566, 1573 (Fed. Cir. 1983); *South Corp. v. United States*, 690 F.2d 1368, 1370 (Fed. Cir. 1982). Additionally, in refusing to consider the uncontroverted evidence of record below, the Federal Circuit has allowed a

preliminary injunction to stand on patents for which a *prima facie* case of fraud on the PTO has been made.

Respondent is simply wrong in stating that the preliminary injunction in this case was fully and adequately heard at its issuance. Petitioners were clearly led to believe that full reconsideration on the merits could be had in the trial court on the motion to dissolve. See, *Black Ass'n of New Orleans Fire Fighters v. New Orleans*, 853 F.2d 347 (5th Cir. 1988); *Professional Plan Examiners, Inc. v. Lefante*, 750 F.2d 282 (3rd Cir. 1984). The district court told petitioners that such full review was available. The preliminary injunction of October 7, 1988 was specifically made *subject to* petitioners' motion to dissolve. R. App. A-5. Respondent's contention to the contrary should be summarily rejected.

In refusing to review the merits of the injunction, the Federal Circuit has so far departed from the accepted and usual course of judicial proceedings that petitioners request this court to exercise its power of supervision. See, Sup. Ct. R. 17.1A. The district court entered no findings as required by Fed. R. Civ. P. 52(a) to support a preliminary injunction. The injunction on its face did not comply with the requirements of Fed. R. Civ. P. 65(a) as to specificity. The \$100.00 bond set by the district court was totally inadequate for the ongoing injury caused by the injunction. These errors should be corrected.

2. **The injunction order entered below failed to comply with any of the requirements for preliminary relief and was total abuse of the district court's direction**

Respondent summarily dismisses the district court's substantial errors, stating that the record before the

district court was adequate to meet all requirements for preliminary relief in patent cases. The standard for preliminary relief in patent cases is (1) reasonable likelihood of success on the merits, (2) irreparable harm to the requesting party, (3) balancing of respective hardships, tipping in the requester's favor and (4) issuance of the injunction being in the public interest. *T.J. Smith & Nephew Ltd. v. Consolidated Medical Equip., Inc.*, 821 F.2d 646 (Fed. Cir. 1987). To support the district court's alleged conclusion as to success on the merits, respondent relies on petitioners' alleged admissions in the vacated settlement agreement. However, the district court vacate that agreement, rendering it a nullity. No aspect of the agreement was ever made of record as evidence in the case.

At the time the preliminary injunction was entered, the district court did simply not have before it a sufficient record to support its entry. The district court failed to comply with Fed. R. Civ. P. 52 and analyze the record before so that it could ascertain whether that record would support a preliminary injunction. The district court did not even have the patent claims at issue in the record. The district court's substantial abuse of discretion is a direct result of its failure to make the findings required by Fed. R. Civ. P. 52. In such finding, the district court would have been required to explain the basis of its conclusions.

The injunction also fails to meet the specificity requirements of Fed. R. Civ. P. 65. The order's only statement as to the acts enjoined is a reference to infringement of the '891 patent. The injunction order does contain a reference to United States Patent No.

4,453,294 ('294). However, the '294 patent discloses several embodiments and the particular device designated is not specified in the order. The order is totally improper under Fed. R. Civ. P. 65. *KSM Fastening Sys. v. H.A. Jones Co.*, 776 F.2d 1522 (Fed. Cir. 1985).

Contrary to respondent's contention, the district court's errors under Fed. R. Civ. P. 52 and 65 both as to findings and specificity were pointed out to the lower court. The court simply summarily rejected petitioners' points.²

Respondent's argument that the injunction order was properly entered should be summarily rejected.

3. The uncontroverted evidence of fraud on the PTO requires that the preliminary injunction be vacated

As stated above, petitioners submitted the declaration of a recognized handwriting expert Shaneyfelt who testified that certain declarations submitted to the PTO to obtain the '891 and '468 patents were forgeries. Respondent has never controverted the evidence. Petitioners submit that the maintenance of a preliminary injunction in the face of uncontroverted evidence of fraud on the PTO is such a substantial abuse of discretion by the district court and the Federal Circuit that corrective action is required here. Respondent's only response is that the handwriting expert Shaneyfelt could not determine whether one

² Respondent's contention that certain issues were admitted or uncontested below is simply wrong. To the extent that such issues were uncontested prior to January 1989, they are now contested because the district court vacated its pretrial order. Since that time, new pretrial statements have been filed in which all such issues are fully and fairly raised.

Morita signature on one document was genuine. Respondent's position constitutes blatant misrepresentation of the record. This Shaneyfelt statement relates to the Morita signature on the '891 assignment. Respecting the signatures on the PTO declarations, Shaneyfelt made the unequivocal statement that those signatures were trace forgeries. Respondent's desperation in this matter is evidenced by its total misrepresentation of the record below. This case calls out for this court's intervention. No preliminary injunction should stand which is based totally on fraudulently obtained patents.

CONCLUSION

For the various reasons stated herein and in the petition filed, November 29, 1989, a petition for a writ of certiorari should be granted in this matter.

Respectfully submitted,

JOSEPH VINCENT COLAIANNI
 PENNIE & EDMONDS
 1730 Pennsylvania Avenue, N.W.
 Suite 1000
 Washington, D.C. 20006
 Telephone (202) 393-0177
Counsel of Record

Of Counsel:

SHIRO KASHIWA, ESQ.
 THOMAS JEFFERSON SCOTT, JR., ESQ.
 PENNIE & EDMONDS
 1730 Pennsylvania Avenue, N.W.
 Suite 1000
 Washington, D.C. 20006
 Telephone (202) 393-0177

APPENDIX

APPENDIX

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA**

**Civil Action No. 84-3894
Jackson J.**

APPLICATION ART LABORATORIES CO., LTD.,
Plaintiff,

v.

TAMAO MORITA AND MAGLEADER CO., LTD.
Defendants.

**Civil Action No. 85-2539
Jackson J.**

TAMAO MORITA AND MAGLEADER CO., LTD.
Plaintiffs,

v.

APPLICATION ART LABORATORIES CO., LTD.
Defendant.

DECLARATION OF LYNDAL L. SHANEYFELT

I, Lyndal L. Shaneyfelt, declare and say, as follows:

1. I am an expert examiner of questioned documents. I have over 20 years of experience in the Federal Bureau of Investigation Laboratory, Department of Justice as a Document Examiner. I have examined and analyzed hundreds of thousands of documents for the identification of handwriting, hand

printing, and typewriting or forgery. I have generally specialized in the application of photographic techniques to document analysis and, more particularly, to the use of special lighting in the analysis of document alterations, erasures and obliterations. Attached hereto as Exhibit A is a statement of my qualifications.

2. I have examined the original files of the Patent and Trademark Office (PTO) for United States Patent Nos. 4,021,891 ('891 patent) and United States Design Patent Nos. 247,467 ('467 design patent) and 247,468 ('468 design patent) including the microfiched assignment records for those patents.

3. For those files, I have examined (1) an assignment of the subject matter of the '891 patent, dated April 3, 1974, (2) a supplemental declaration for the '891 patent, dated December 7, 1976, (3) an assignment, dated June 27, 1978, for the '467 design patent, (4) an assignment dated June 27, 1978 for the '468 design patent and (5) declarations in the files of the '467 design patent and '468 design patent dated June 6, 1977. Respecting the above documents, I have reached the following conclusions.

4. With respect to the April 3, 1974 assignment of the '891 patent, I cannot determine whether the signature on the document is genuine or not because of a lack of representative genuine signatures of Tamao Morita in the 1974 time frame for comparative purposes. Additionally, I have been unable to examine the original document because the file at the PTO contains only a microfiche copy which lacks sufficient detail for thorough analysis. I note in the signature on the April 3, 1974 assignment certain differences

and similarities with respect to other Morita signatures without a preponderance of either.

5. With respect to the supplemental declaration in the '891 patent dated December 7, 1976, the assignments in the '467 design patent and '468 design patent dated June 27, 1978 and the declarations for the '467 design patent and '468 design patent dated June 6, 1977, I have concluded on the basis of my experience and expertise that the signature on each of these documents is forged. Respecting the '467 design and '468 design declarations and assignments, the signatures are all clearly traced from another Morita signature sample. Respecting the supplemental declaration in the '891 patent, my examination of the characteristics of the signature on the original document in the PTO file clearly indicates to me that this document is forged.

6. I declare that all statements herein are true to the best of my knowledge and belief and, further, that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment or both under Section 1001, Title 18, United States Code.

Date: 11/7/88

/s/ Lyndal L. Shaneyfelt
Lyndal L. Shaneyfelt
6125 Vernon Terrace
Alexandria, Virginia 22307
Tel. (703) 329-1331

EXHIBIT A

Lyndal L. Shaneyfelt

**EXAMINER OF QUESTIONED DOCUMENTS
PHOTOGRAPHIC SPECIALIST**

**6125 VERNON TERRACE, ALEXANDRIA, VIRGINIA 22307
TELEPHONE (703) 329-1331**

QUALIFICATIONS

PROFESSIONAL EXPERIENCE

Twenty years experience as a fully qualified Document Examiner in the FBI Laboratory, 1955-1975. In full time private practice, 1975 to present.

Analyzed hundreds of thousands of documents for identification of handwriting, hand printing, typewriting or forgery. Numerous examinations for determination of age, sequence of entries, alterations and interlineations.

Specialized in the application of photographic techniques including infrared, ultraviolet, infrared luminescence and special lighting to document problems involving the differentiation between inks or papers or the analysis of alterations, erasures and obliterations.

Qualified and testified in almost all of the states of the United States in numerous trials or other judicial proceedings in County, State, Federal and Military Courts; Governmental Hearings, Congressional Committees and Presidential Commissions.

EDUCATION

Bachelor of Commercial Science degree from South-eastern University, Washington, D. C. 1950.

TRAINING

Completed a three-year apprenticeship training program for document examiners in the FBI Laboratory, 1952-

1955. Training included the study of recommended books on the examination of documents and related subjects, attending lectures, conducting experiments and working on current cases under the guidance of experienced document examiners.

TECHNICAL WRITINGS

Authored technical papers and articles for presentation at scientific meetings and for publication in scientific and professional journals.

AFFILIATIONS

Fellow of the American Academy of Forensic Sciences. Diplomate of the American Board of Forensic Document Examiners.

Was on the founding Board of Directors of the American Board of Forensic Document Examiners and was Chairman of the Credentials Committee.

Listed in Martindale & Hubbell Law Directory.

CASES OF INTEREST

Examined evidence relating to the assassination of President John F. Kennedy and testified before the Warren Commission.

Examined the Howard R. Hughes "Mormon" Will and testified at the trial in Las Vegas, Nevada.

Made examinations for the Rockefeller Commission on CIA Activities Within The United States.

Testified at the bribery Trial of Congressman John Dowdy in Baltimore, Maryland.

Examined evidence in the bribery case against Congressman Edward A. Garmatz in Baltimore, Maryland.

Testified at pretrial hearings in the case of USA vs. Omni International Corporation, et al., in Baltimore, MD.

Examined documents for the Select Congressional Committees investigating the IRAN-CONTRA AFFAIR.

A listing of clients in your area is available on request.

SERVICES AVAILABLE

Examination of all types of documents problems for proponents or defendants or by appointment as Examiner for the Court in either civil or criminal matters. Analysis and other services can usually be performed in any geographic location.

BACKGROUND

Newspaper photographer with the Hastings (Nebraska) Daily Tribune, 1938-1940.

Photographer with the FBI, Washington, D.C., 1940-1948. (Except for Military Service in 1945)

Forensic Photographer, FBI Laboratory, 1948-1951.

Appointed Special Agent of the FBI, 1951.

Special Agent Investigator, FBI Detroit, 1951-1952.

Assigned to FBI Laboratory as a Document Examiner Trainee, 1952-1955.

Fully Qualified Document Examiner in the FBI Laboratory, 1955-1975.

Private Practice in Alexandria, Virginia, 1975 to present.

AREAS OF EXPERTISE

Identifying or eliminating writers of signatures, handwriting and hand printing.

Detecting forgery and where possible, identifying forger.

Identifying, differentiating or dating typewriting.

Examining medical records in malpractice matters to detect alterations or additions.

Deciphering erasures, alterations, obliterations and charred or damaged documents. Restoring faded or chemically erased writings.

Photographing documents or other evidence by ultraviolet, infrared, infrared luminescence, oblique lighting, filters or other special techniques.

Identifying copies with copier on which they were made or with the original document from which they were copied.

(Xerox, IBM, Savin, etc.)

Analyzing related document problems for identification or elimination of source or for dating:

Anonymous Letters	Rubber Stamp or Seal
Envelopes and Papers	Impressions
Watermarks in Paper	Inks and Writing Instruments
Sequence of Writings	Indented Writing
Letterpress Printing	Copying Processes
Substitution of Pages	Additions and
Graffiti Writings	Interlineations

Consultant on other Forensic Science matters.

/s/ Lyndal L. Shaneyfelt
 Lyndal L. Shaneyfelt
 6125 Vernon Terrace
 Alexandria, Virginia 22307
 Phone (703) 329-1331